



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155



IN REPLY REFER TO
UT-922

JUN 16 2004

CDX Rockies, LLC
Attn: Alvin R. Arlian
1801 Broadway, Suite 1060
Denver, Colorado 80202

Re: Displacement Point Unit
Uintah County, Utah

Gentlemen:

This letter is to acknowledge your request of May 27, 2004, for a change in the location of the unit obligation well for the Displacement Point Unit. Your request is hereby approved.

This initial obligation well, Atchee Canyon State 36-12-25 No. 1, is to be drilled to a depth of 3,250 feet or a depth sufficient to test 50 feet below the top of the Sego Formation and located in the NW $\frac{1}{4}$ of Section 36, Township 12 South, Range 25 East, SLM&B, Uintah County, Utah. The second obligation well, Atchee Ridge 22-13-25, is to be drilled to a depth of 3,814 feet or a depth sufficient to test 50 feet below the top of the Sego Formation and located in the SW $\frac{1}{4}$ of Section 22, Township 13 South, Range 25 East, SLM&B, Uintah County, Utah.

Sincerely,

/s/ Terry Catlin

Terry Catlin
Acting Chief, Branch of Fluid Minerals

bcc: Field Manager - Vernal
Division Oil, Gas & Mining
File - Displacement Point Unit
Agr. Sec. Chron.
Fluid Sec. Chron

UT922:TATHOMPSON:tt:6/16/04

RECEIVED**JUN 17 2004****DIV. OF OIL, GAS & MINING**



State of Utah
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF WATER RIGHTS

Michael O. Leavitt
 Governor

Kathleen Clarke
 Executive Director

Robert L. Morgan
 State Engineer

1594 West North Temple, Suite 220

PO Box 146300

Salt Lake City, Utah 84114-6300

801-538-7240

801-538-7467 (Fax)

FEDERAL ATCHUE CANYON 35-12-25

September 7, 2001

CDX Rockies LLC 49-1652
 Attn: Al Arlian
 1801 Broadway Ste 1460
 Denver, CO 80202

Dear Applicant:

RE: TEMPORARY APPLICATION
 NUMBER 49-1652 (T73401)

This is your authority to construct your works under the above referenced application and to divert the water for the uses described.

While this approved application does give you our permission to divert and use water, it does not grant easements through public or private lands in order to gain access to the source nor to convey the water to the place of use, nor does this approval eliminate the need for such other permits as may be required by this Division or any other agency in implementing your diversion.

This application will expire September 7, 2002, and it is expected that no diversion or use of the water will be done after that date unless another proposal has been made and approved.

Your contact with this office, should you need it, is with the Vernal Regional Office. The telephone number is (435) 781-5327.

Sincerely,

Robert L. Morgan, P.E.
 State Engineer

RLM:et

9-14-01

DAVE BARSUFS
 SAID OK TO GET WATER AT
 INTERSECTION OF MISSOURI CREEK
 AND EVACUATION CREEK, 200 YARDS EAST, IF NOT DRY.

Post-it® Fax Note	7671	Date	3-14	# of pages	3
To	LEE SHUCK	From	AL ARLIAN		
Co./Dept.		Co.			
Phone #	801-538-5296	Phone #	303-292-4051		
Fax #	801-359-3940	Fax #			



CDX Gas, LLC – CDX Rockies, LLC
1801 Broadway, Suite 1060
Denver, Colorado 80202
Tel: 303-298-8211

June 30, 2004

Diana Whitney
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

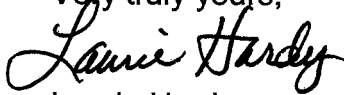
RE: **State Atchee Canyon Well 36-12-25 #1**
NW/4NW/4 Sec. 36-T12S-R25E, S.L.B.&M.
Uintah County, Utah

Dear Ms. Whitney,

Enclosed is a complete set of the APD, plats, surveys, attachments and exhibits for the above referenced well.

The water source for the pending APD for the State Atchee Canyon 36-12-25 #1 will be the Evacuation Wash and White River.

Should you have any questions concerning these matters, please do not hesitate to call me at (303) 298-8211 x2888.

Very truly yours,

Laurie Hardy
Land Administrator

/lh
Enclosures

Cc: State of Utah
Trust Lands Administration

RECEIVED
JUL 02 2004
DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

001

APPLICATION FOR PERMIT TO DRILL

1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		5. MINERAL LEASE NO: UT ML 46435	6. SURFACE: State
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
2. NAME OF OPERATOR: CDX Rockies, LLC		8. UNIT or CA AGREEMENT NAME:	
3. ADDRESS OF OPERATOR: 1801 Broadway, #1060 CITY Denver STATE CO ZIP 80202		PHONE NUMBER: (303) 298-8211	9. WELL NAME and NUMBER: St. Atchee Canyon 36-12-25 #1
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 392' FNL 514' FWL 465016x 39.73788 4400229Y -109.07428 AT PROPOSED PRODUCING ZONE: NW/4NW/4 Sec. 36, T12S, R25E, S.L.B.&M.		10. FIELD AND POOL, OR WILDCAT: Wildcat	
11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NW/4 36 12S 25E		12. COUNTY: Uintah	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 17 miles south of Bonanza, Utah		13. STATE: UTAH	
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 392'	16. NUMBER OF ACRES IN LEASE:	17. NUMBER OF ACRES ASSIGNED TO THIS WELL:	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) N/A	19. PROPOSED DEPTH: 4,780	20. BOND DESCRIPTION: RLB0003066	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.):	22. APPROXIMATE DATE WORK WILL START:	23. ESTIMATED DURATION:	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12 1/4	8 5/8 surf. J-55 32	710	Prem II + 2% bwoc cc .25 lb per sk 325 1.41 14.50 lb ppg
7 7/8	5 1/2 prog J55 15.5	4,750	Prem II + 3 sks bwoc .25 lb per sk 240 2.49 lead 12.2 lb ppg
			Prem Lite HS + 5% b .25 lb per sk 195 2.25 tail 12.5 lb ppg
			Surf cem 100% excess
			Prod cem 40% excess

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN |
| <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) Alvin (AI) R. Arlian

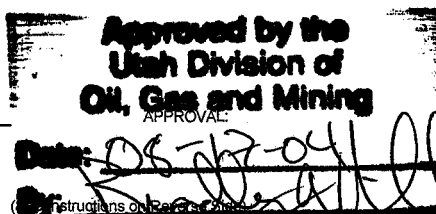
TITLE Land Manager, Western Operations

SIGNATURE

DATE

(This space for State use only)

API NUMBER ASSIGNED: 43-047-35828



RECEIVED
JUL 02 2004
DIV. OF OIL, GAS & MINING

CDX ROCKIES, LLC
WELL LOCATION
STATE ATCHEE CANYON 36-12-25 #1
392' FNL 514' FWL
SECTION 36, T12S, R25E, S.L.B.&M.
UINTAH COUNTY, UTAH

T12S, R25E, S.L.B.&M.

CONTROL DIAGRAM
1" = 1000'

0 500 1,000 2,000 Feet

Fnd. 3.5"
 Brass Cap
 GLO 1921
 M.P. 190

*Fnd. mound
 of stones for
 Section Corner*

East 108.40 ch. (G.L.O.)

N 0°11'12" E

6231.92 ft (meas.)

THIS IS TO CERTIFY THAT THIS PLAT WAS
 PREPARED FROM FIELD NOTES OF ACTUAL
 SURVEYS MADE BY ME OR UNDER MY
 DIRECT SUPERVISION AND THAT THE SAME
 ARE TRUE AND CORRECT TO THE BEST OF MY
 KNOWLEDGE AND BELIEF

DAVID ALEXANDER JOHNSON
 PROFESSIONAL LAND SURVEYOR
 UTAH LICENSE NO. 174617

State Atchee Canyon 36-12-25 #1
Elevation Ungraded Ground = 6199'

N 0°03' E 80.00 ch. (G.L.O.)

N 0°08' E
 68.41 ch.

(G.L.O.)

36

UTAH

COLORADO

BASIS OF BEARING

ASTRONOMIC OBSERVATION TAKEN
 AT MONUMENT FOUND FOR M.P. 190

BASIS OF ELEVATION

NAVD 88, AS PREDICTED BY GEOID 99

DATE OF SURVEY: JUNE 9, 2004

JMAS JOHNSON-MAPPING AND SURVEYING
 PO BOX 2174
 FARMINGTON, NM 87499-2174

505-327-3446
 alex@johnsonmapping.biz

PROJ ID	CDXROC001
ARC MAP	CDXROC001 SD.MXD
PREPARED	DAJ 6/17/04
REVISED	
DATA FILES	ATCHEERAW.DC, 32981601.DAT, 32981611.DAT

5. **Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:**

Substance	Formation	Depth
Gas	N/A	N/A
Water	N/A	N/A
Other Mineral Zones	N/A	N/A

All fresh water and prospectively valuable minerals encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

6. **Pressure Control Equipment:** (Schematic Attached)

CDX Rockies, LLC's minimum specifications for pressure control equipment is as follows:

- A. Ram Type: 11" Hydraulic double with annular, 3,000 psi w.p.
- B. Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70 percent of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10 percent in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.
- C. Annular type preventers (if used) shall be tested to 50 percent of rated working pressure. Pressure shall be maintained for at least 10 minutes or until provisions of test are met, whichever is longer.
- D. As a minimum, the above test shall be performed:
 - i. when initially installed;
 - ii. whenever any seal subject to test pressure is broken;
 - iii. following related repairs; and

- iv. at 30-day intervals
- E. Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.
- F. When testing the kill line valve(s) the check valve shall be held open or the ball removed.
- G. Annular preventers shall be functionally operated at least weekly.
- H. Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.
- I. A BOPE pit level drill shall be conducted weekly for each drilling crew.
- J. Pressure tests shall apply to all related well control equipment.
- K. All of the above described tests and/or drills shall be recorded in the drilling log.
- L. BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.
- M. The size and rating of the BOP stack is shown on the attached diagram. Although a rig has not been chosen to drill this well, most of the equipment for this depth of hole in the area use a 3,000 psi working pressure blowout preventer.
 - ii. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.
 - iii. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
 - iv. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

7. **Proposed Casing and Cementing Program:**

- A. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation, which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including; presence/absence of hydrocarbons; fracture gradients; usable water zones; formation pressures; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported.
- B. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).
- C. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data).
- D. Casing collars shall have a minimum clearance of 0.422 inches on all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.
- E. All waiting on cement times shall be adequate to achieve minimum of 500 psi compressive strength at the casing shoe prior to drilling out.
- F. All casing, except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.
- G. The surface casing shall be cemented back to surface either during the primary cement job or by the remedial cementing.
- H. All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.
- I. Centralizers will be run on the bottom three joints of the surface casing with a minimum of 1 centralizer per joint starting with the shoe joint.

- J. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable pre-flush fluid, inner string cement method, etc. shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.
- K. All Casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.
- L. On all exploratory wells, and on that portion of any well approved for a 3M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
- M. The proposed casing program will be as follows:

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>O.D</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>New or Used</u>
Surface	0-710'	12-1/4'	8-5/8"	32.0#	J-55	ST&C	New*
Production	4,750'-TD	7-7/8'	5-1/2"	15.5#	J-55	LT&C	New**

- N. Casing design subject to revision based on geologic conditions encountered.
- O. The cement program will be as follows:

<u>Depth</u>	<u>Type and Amount</u>
0 - 710'	*216 sacks Premium II (Yield - 1.41) + 2% bwoc Calcium Chloride + 0.25#/sk of Celloflake; Excess 100% - 2

<u>Depth</u>	<u>Type and Amount</u>
4,750' - TD	*434 sacks Production Lead: Premium II (Yield - 2.49) + 3#/sk Kol Seal + 3% bwoc Potassium Chloride + 0.25#/sk Cello Flake + 8% bwoc Bentonite + 0.3% bwoc Sodium Metasilicate

Production Tail: Premium Lite II High Strength (Yield - 2.25) + 5% bwow Sodium Chloride + 0.25% #/sk

Cello Flake + 0.3% bwoc CD-32 + 0.7% bwoc FL-52 +
3#/sk Kol Seal; Excess 40% - 1.4

*Actual volumes to be calculated from caliper log.

- P. Anticipated cement tops will be reported as to depth; not the expected number of sacks of cement to be used. The District Office should be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.
- Q. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the driller's log.
- R. Auxiliary equipment to be used is as follows:
- a. Kelly cock
 - b. Bit float, not deemed necessary.
 - c. A sub with a full opening valve.

8. **Mud Program:**

- A. The proposed circulating mediums to be employed in drilling are as follows:

	<u>Interval</u>	<u>Mud Type</u>	<u>Mud Wt.</u>	<u>Visc.</u>	<u>F/L</u>	<u>PH</u>
a.	0-710'	Air/Air Mist	1	N/A	N/A	N/A
b.	4,750' - TD	LSND	9.0 – 10.5	10-20 PC	10-15 PC	9.0

Sufficient quantities of mud materials will be maintained or readily accessible for the purpose of assuring well control during the course of drilling operations.

A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss, and Ph.

- B. Mud monitoring equipment to be used is as follows:

Periodic checks of the mud system will be made each tour. The mud level will be checked visually.

- C. No chromate additives will be used in the mud system on Federal and/or Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.
- D. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

9. **Evaluation Program:**

The anticipated type and amount of testing, logging and coring are as follows:

- A. No drill stem tests are anticipated, however, if they are run the following will be adhered to... Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DST's may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve providing some means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

B. The logging program will consist of a DIL-GR from T.D. to base of surface casing with a GR to the surface. A CNL-FDC-GR and FMI will be run from T.D. to 2,000' (minimum run). A DSI-GR will be run from T.D. to base of surface casing.

C. No cores will be taken.

D. The anticipated completion program is as follows:

After evaluation, cores and logs the decision will be made whether to open hole complete or run a slotted liner from the base of the Intermediate Casing String to T.D.

10. **Abnormal Temperatures or Pressures:**

A. No abnormal temperatures or pressures are anticipated. No H₂S has been encountered in or known to exist from previous wells drilled to similar depths in the general area.

B. The maximum anticipated bottom hole pressure will be approximately 900 psi at T.D.

11. **Anticipated Starting:**

A. Drilling will commence upon approval of this application.

RECEIVED
MAY 06 2004
WATER RIGHT
VERNAL

TEMPORARY APPLICATION TO APPROPRIATE WATER

Rec. by SM
Fee Paid 250
RASHBY 04-01

STATE OF UTAH

For the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, submitted in accordance with the requirements of Title 73, Chapter 3, Utah Code Annotated 1953, as amended.

WATER RIGHT NUMBER: 49 - 2173
(DLS)

TEMPORARY APPLICATION NUMBER: T75376

1. OWNERSHIP INFORMATION:

LAND OWNED? No

A. NAME: Dalbo Inc.
ADDRESS: P. O. Box 1168
Vernal UT 84078

B. PRIORITY DATE: May 6, 2004

FILING DATE: May 6, 2004

2. SOURCE INFORMATION:

A. QUANTITY OF WATER: 10.0 acre-feet

B. SOURCE: Evacuation Wash and White River

COUNTY: Uintah

C. POINTS OF DIVERSION SURFACE:

- (1) N 400 feet W 1,850 feet from E₁ corner, Section 02, T 10S, R 24E, SLBM
DIVER WORKS: Pump into tank trucks
SOURCE: White River
- (2) N 1,700 feet W 10 feet from SE corner, Section 02, T 12S, R 25E, SLBM
DIVER WORKS: Pump into tank trucks
SOURCE: Evacuation Wash

D. COMMON DESCRIPTION: 3 miles south of Bonanza

3. WATER USE INFORMATION:

OIL EXPLORATION: from May 15 to May 1 Drilling and completion of oil/gas wells
in South Bonanza area

Period of Use - May 14, 2004 to May 14, 2005.

4. PLACE OF USE: (which includes all or part of the following legal subdivisions:)

BASE	TOWN	RANG	SEC	NORTH-WEST 1/4				NORTH-EAST 1/4				SOUTH-WEST 1/4				SOUTH-EAST 1/4			
				NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE
6S	2S	104W	12																X
6S	3S	104W	01							X									
			11					X											
SL	9S	23E		Entire TOWNSHIP															

Temporary Appropriation

FEDERAL ATCHEE CANYON # 35-12-25

SIGNATURE OF APPLICANT(S):

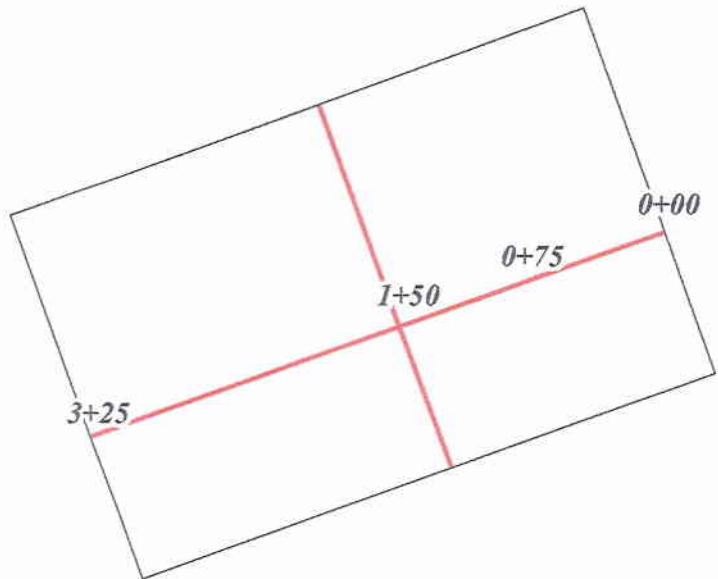
The applicant(s) hereby acknowledge(s) that he/she/they are citizen(s) of the United States of America or intend(s) to become such a citizen(s). The quantity of water sought to be appropriated is limited to that which can be beneficially used for the purposes herein described. The undersigned hereby acknowledges that even though he/she/they may have been assisted in the preparation of the above-numbered application through the courtesy of the employees of the Division of Water Rights, all responsibility for the accuracy of information contained herein, at the time of filing, rests with the applicant(s).

**Signature of Applicant(s)**

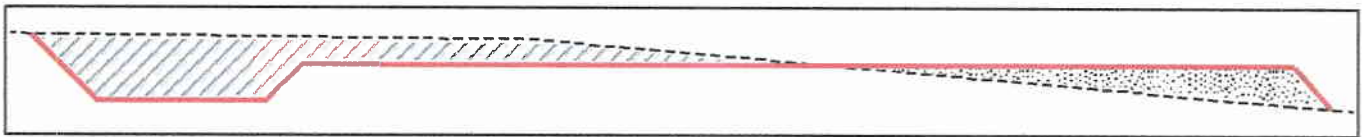
CDX ROCKIES, LLC
 WELL LOCATION
 STATE ATCHEE CANYON 36-12-25 #1
 392' FNL 514' FWL
 SECTION 36, T12S, R25E, S.L.B.&M.
 UTAH COUNTY, UTAH

CROSS SECTIONS

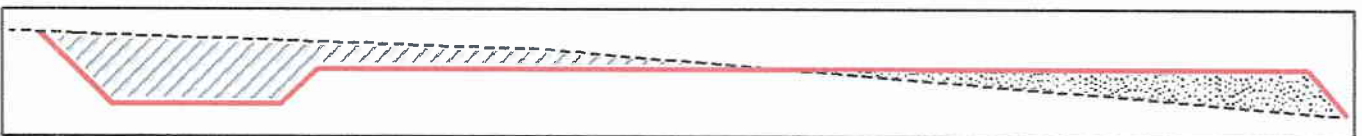
WELL BORE
 UNGRADED = 6199.2
 FINISH PAD GRADE = 6195.1



3+25



1+50



0+75



0+00

JMAS JOHNSON MAPPING AND SURVEYING	
PO BOX 2174	
FARMINGTON NM 87499-2174	
505-327-3446	
alex@johnsonmapping.biz	
PROJ ID	CDXROC001
ARC MAP	CDXROC001 CFM.XD
PREPARED	DAJ 6/17/04
REVISED	
DATA FILES	ATCHEE.DWG, 32981601.DAT, 32981611.DAT

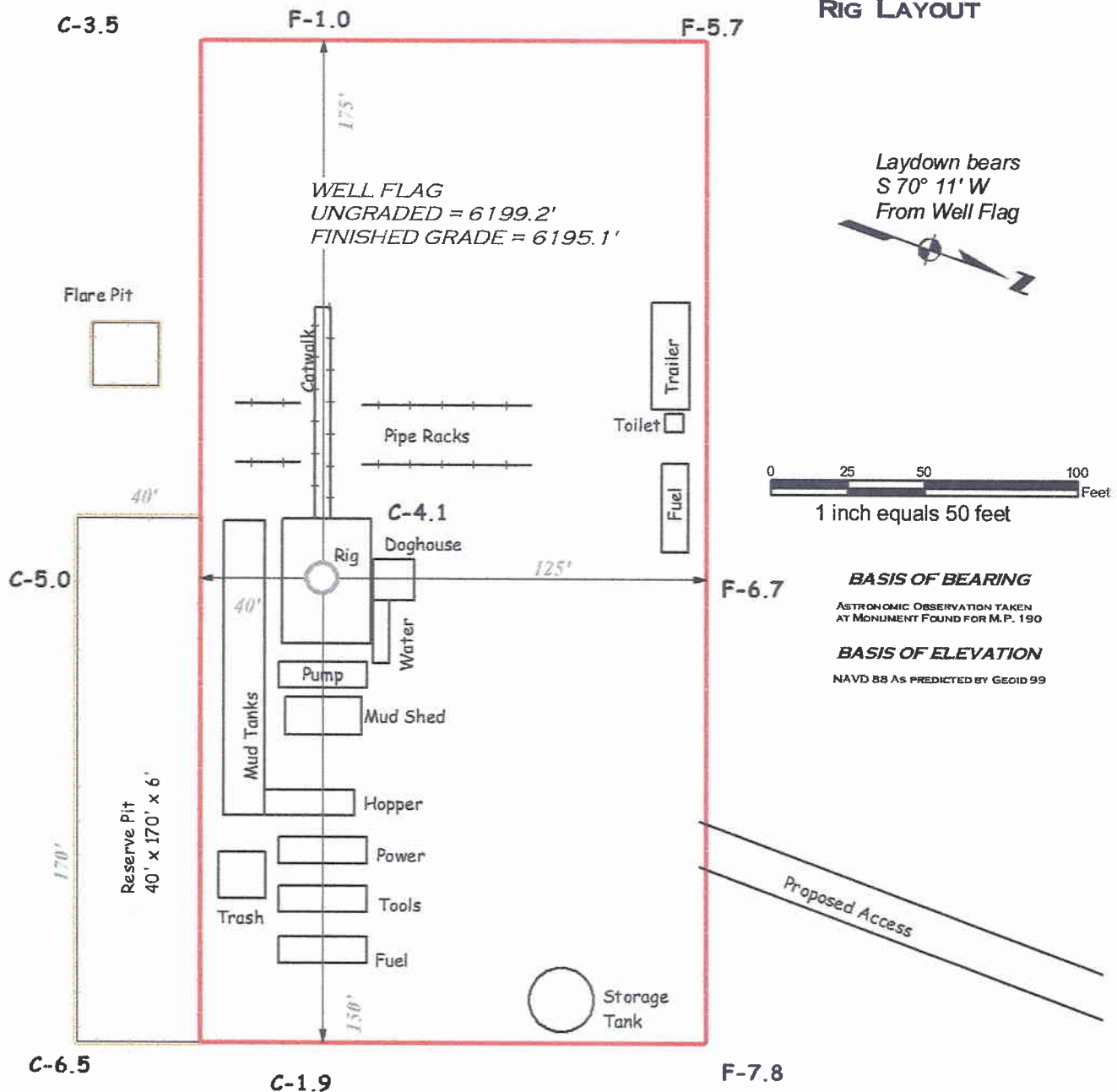
EXCLUDING PIT EXCAVATION

TOTAL CUT = 4050 CU. YDS.
 TOTAL CUT = 4035 CU. YDS.

CROSS SECTIONS
 1" = 30'

CDX ROCKIES, LLC
WELL LOCATION
STATE ATCHEE CANYON 36-12-25 #1
392' FNL 514' FWL
SECTION 36, T12S, R25E, S.L.B.&M.
UINTAH COUNTY, UTAH

RIG LAYOUT

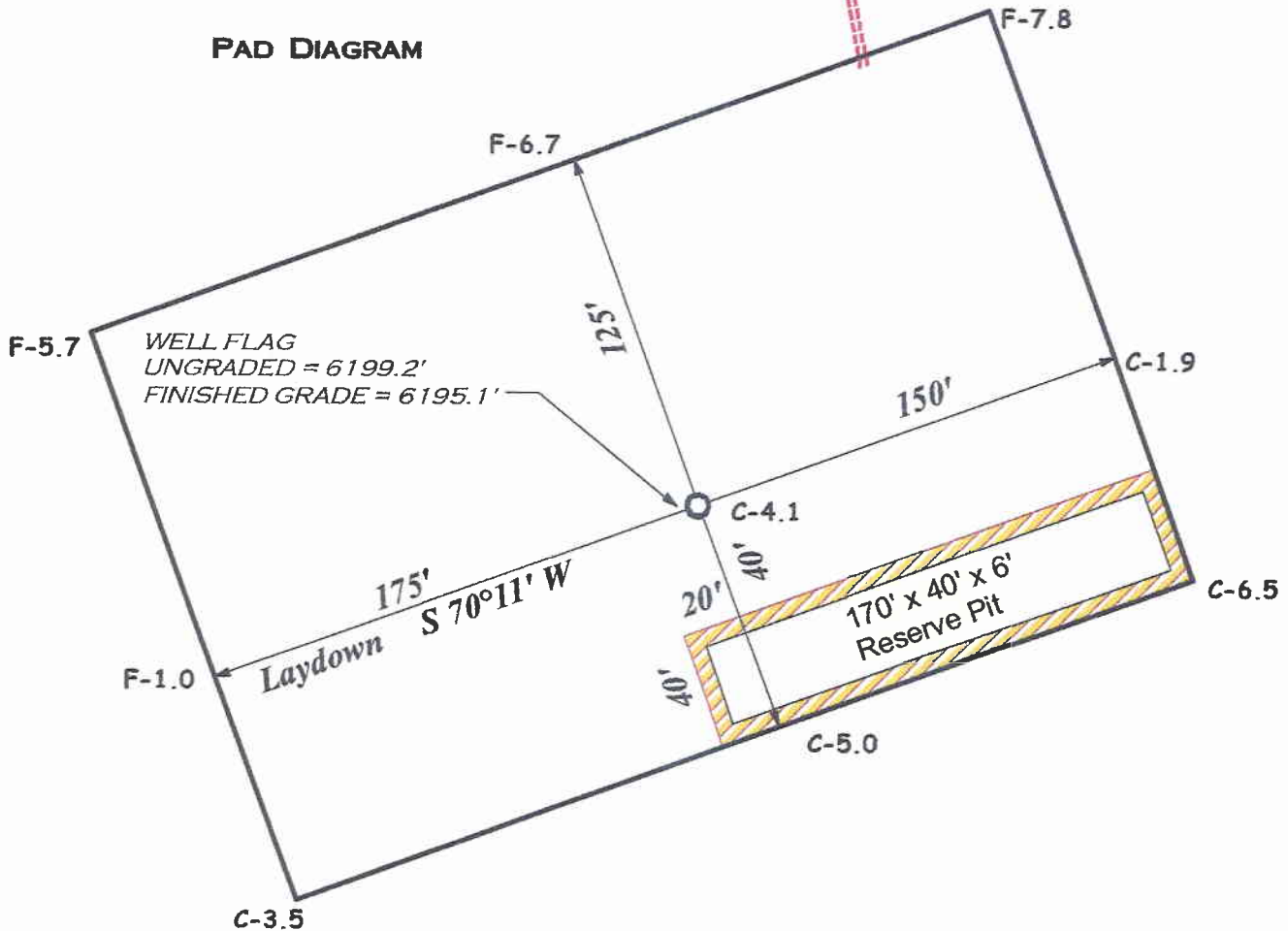


JMAS JOHNSON MAPPING AND SURVEYING	
PO BOX 2174 FARMINGTON NM 87499-2174	
505-327-3446 alex@johnsonmapping.biz	
PROJ ID	CDXROC001
ARC MAP	CDXROC001.PAD.MXD
PREPARED	DAJ 6/17/04
REVISED	
DATA FILES	ATCHEE.CRAW.DC, 32981601.DAT, 32981611.DAT

CDX ROCKIES, LLC
 WELL LOCATION
 STATE ATCHEE CANYON 36-12-25 #1
 392' FNL 514' FWL
 SECTION 36, T12S, R25E, S.L.B.&M.
 UTAH COUNTY, UTAH

Access from
 Baxter Pass Road
 Approx. 10,320 ft.

PAD DIAGRAM



JMAS JOHNSON MAPPING AND SURVEYING PO BOX 2174 FARMINGTON NM 87499-2174 505-327-3446 alex@johnsonmapping.biz	
PROJECT	CDXROCD01
ARC MAP	CDXROCD01 PAD.MXD
PREPARED	DAJ 6/17/04
REVISED	
DATA FILES	ATCHEEPAW.DC, 32881601.DAT, 32361611.DAT



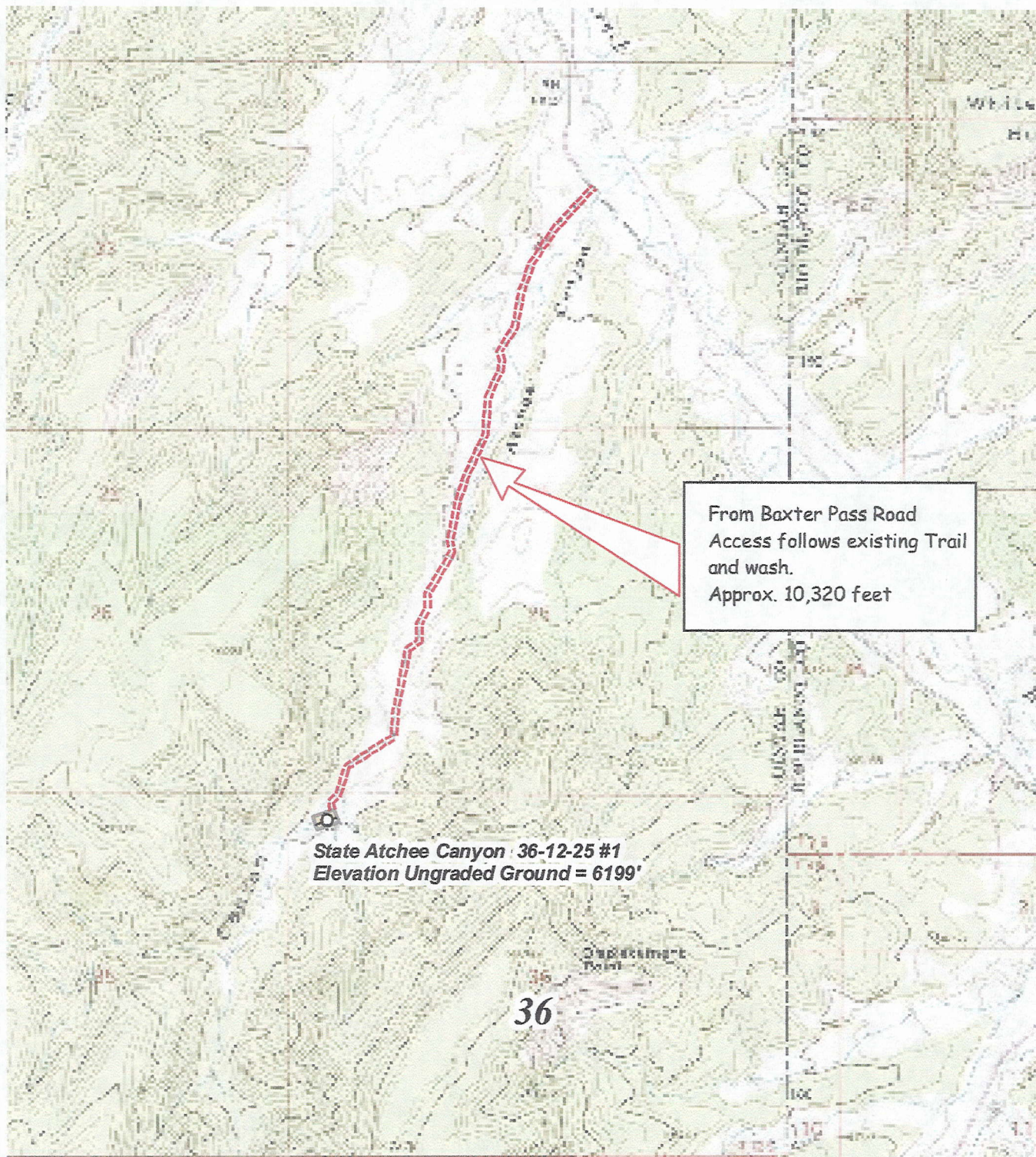
1 inch equals 60 feet
 50 25 0 50 Feet

BASIS OF BEARING

ASTRONOMIC OBSERVATION TAKEN
 AT MONUMENT FOUND FOR M.P. 190

BASIS OF ELEVATION

NAVD 88 AS PREDICTED BY GEOID 99



JMAS

JOHNSON MAPPING AND SURVEYING
PO BOX 2174
FARMINGTON NM 87499-2174

505-327-3446
alex@johnsonmapping.biz

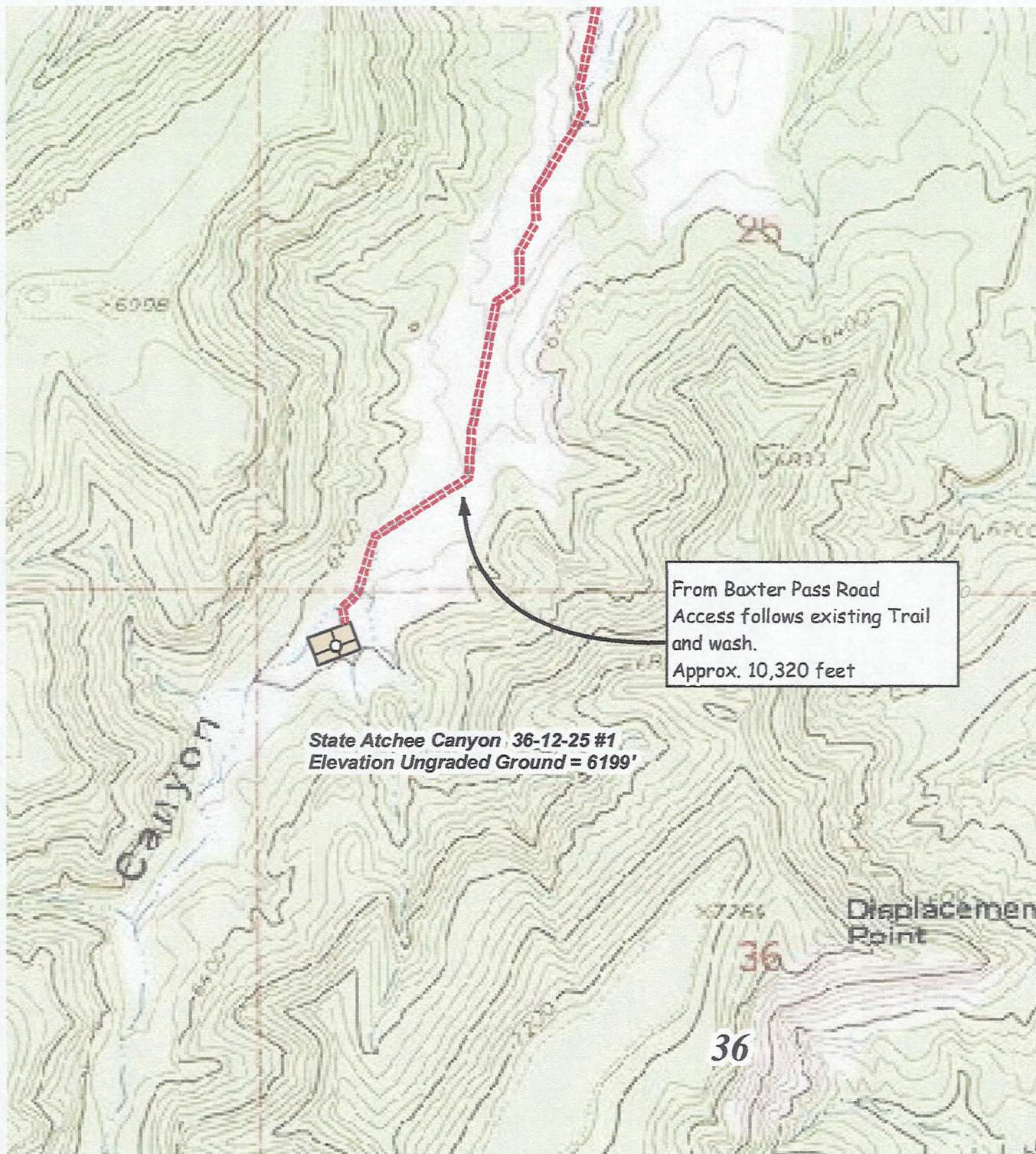
PROJ ID	CDXROC001
ARC MAP	CDXROC001 AC 24K.MXD
PREPARED	DAJ 6/17/04
REVISED	
DATA FILES	ATCHEERAW.DC, 32981601.DAT, 32981611.DAT



ACCESS MAP
1" = 2000'

0 500 1,000 2,000 Feet

CDX ROCKIES, LLC
WELL LOCATION
STATE ATCHEE CANYON 36-12-25 #1
392' FNL 514' FWL
SECTION 36, T12S, R25E, S.L.B.&M.
UINTAH COUNTY, UTAH



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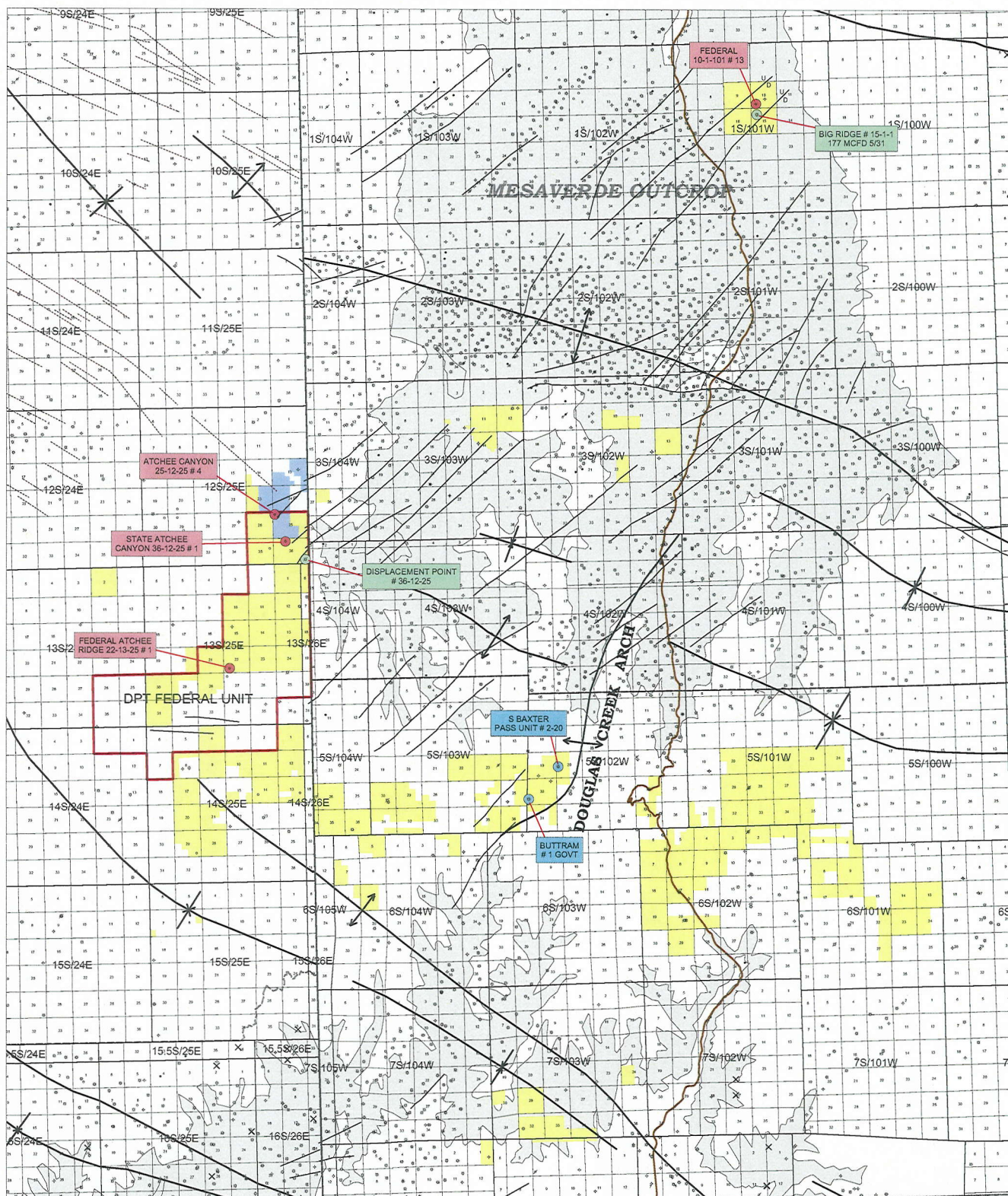
ACCESS MAP
1" = 1000'

0 500 1,000 Feet

CDX ROCKIES, LLC
WELL LOCATION

STATE ATCHEE CANYON 36-12-25 #1
392' FNL 514' FWL
SECTION 36, T12S, R25E, S.L.B.&M.
UINTAH COUNTY, UTAH

2004 RECOMPLETIONS AND NEW DRILLS UINTAH AND PICEANCE BASIN, WESTERN OPERATIONS



CDX GAS 5/2004 UTOC ACQUIRED LEASEHOLD

Polygon

CDX GAS, LLC LEASEHOLD

Tract

DISPLACEMENT POINT FEDERAL UNIT

Polygon

WELLS OF INTEREST

Well

1 inch = 10000 feet

CDX GAS 2004 ACTIVITY WELLS

STATUS

RECOMPLETIONS

NEW DRILLS

GILSONITE VEINS

SURFACE LOCATION

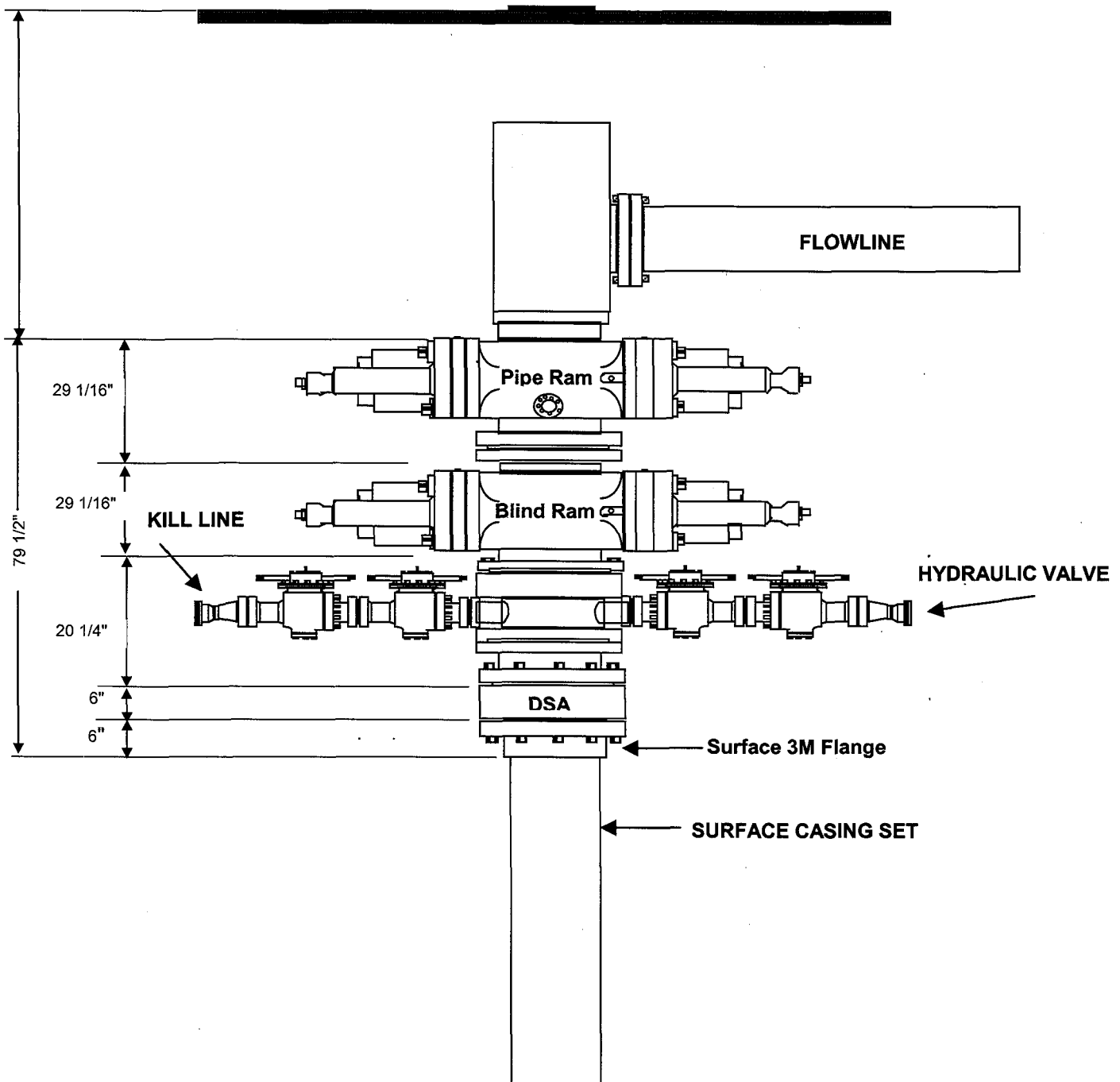
COAL MINES

FAULTS

Line

CDX GAS

PEK; 6/2/2004

11" 3M STACK

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 07/02/2004

API NO. ASSIGNED: 43-047-35828

WELL NAME: ST ATCHEE CYN 36-12-25 #1

OPERATOR: CDX ROCKIES LLC (N1860)

CONTACT: AL ARLIAN

PHONE NUMBER: 303-298-8211

PROPOSED LOCATION:

NWNW 36 120S 250E

SURFACE: 0392 FNL 0514 FWL

BOTTOM: 0392 FNL 0514 FWL

UINTAH

WILDCAT (1)

LEASE TYPE: 3 - State

LEASE NUMBER: ML 46435 ✓

SURFACE OWNER: 3 - State

PROPOSED FORMATION: MNCS

COALBED METHANE WELL? NO

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	8/13/04
Geology		
Surface		

LATITUDE: 39.73788

LONGITUDE: 109.07428

RECEIVED AND/OR REVIEWED:

- ✓ Plat
- ✓ Bond: Fed[] Ind[] Sta[3] Fee[]
 (No. ~~RLB00003066~~ ✓ B000903 ER 8/23/04)
- N Potash (Y/N)
- N Oil Shale 190-5 (B) or 190-3 or 190-13
- ✓ Water Permit
 (No. 49-2173)
- N RDCC Review (Y/N)
 (Date:)
- N Fee Surf Agreement (Y/N)

LOCATION AND SITING:

R649-2-3.

Unit DISPLACEMENT POINT

R649-3-2. General

Siting: 460 From Qtr/Qtr & 920' Between Wells

✓ R649-3-3. Exception

Drilling Unit

Board Cause No: _____

Eff Date: _____

Siting: _____

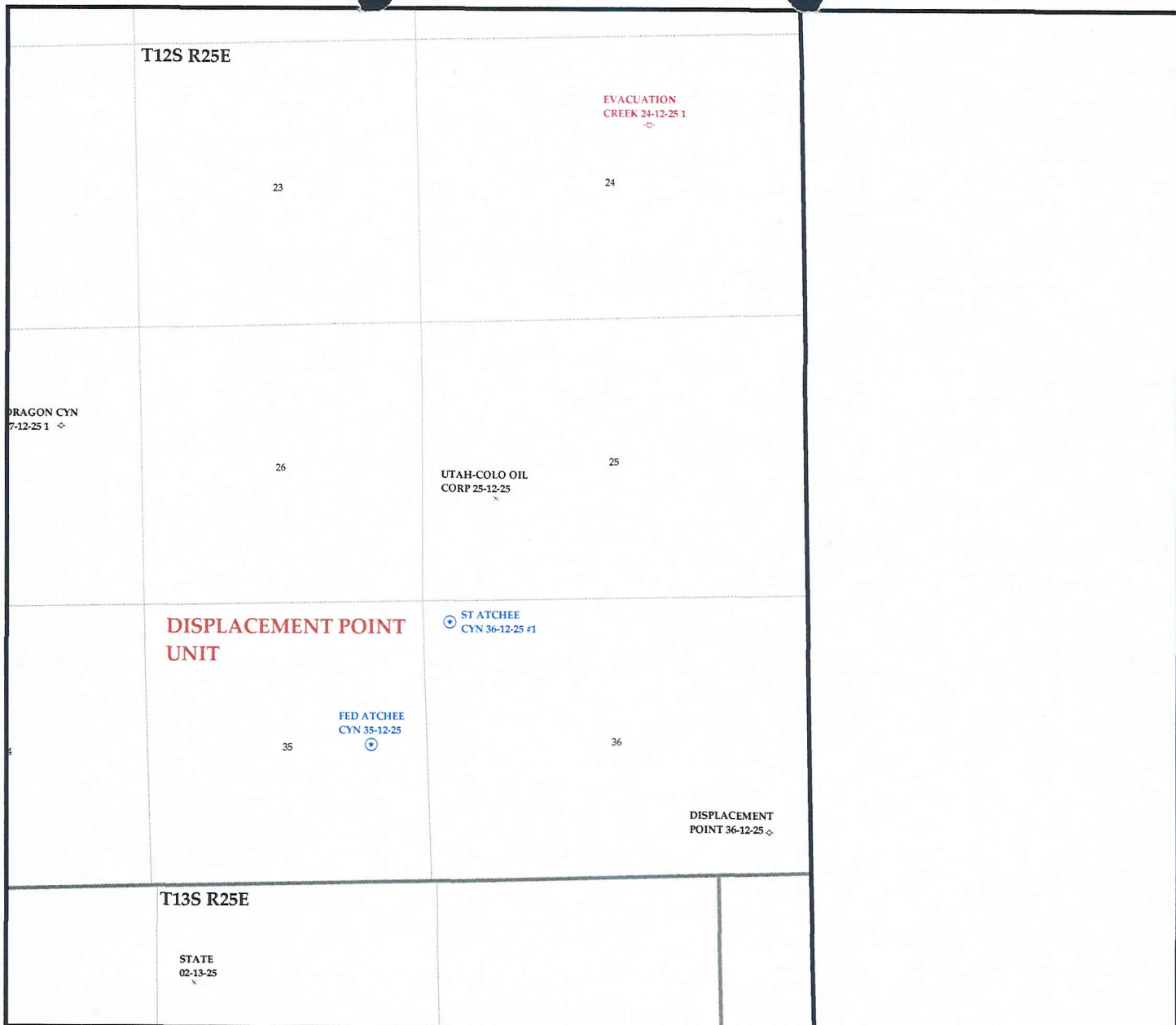
R649-3-11. Directional Drill

COMMENTS:

Needs Permit (07-29-04)

STIPULATIONS:

- 1- Spacing Strip
- 2- Surface Csg Strip
- 3- STATEMENT OF BASIS



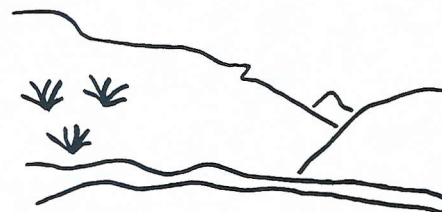
OPERATOR: CDX ROCKIES LLC (N1860)

SEC. 36 T.12S R.25E

FIELD: WILDCAT (001)

COUNTY: UINTAH

SPACING: R649-3-3 / EXCEPTION LOCATION



Utah Oil Gas and Mining

Wells	Units.shp	Fields.shp
⚡ GAS INJECTION	🔵 EXPLORATORY	⬜ ABANDONED
⊗ GAS STORAGE	🟡 GAS STORAGE	🟢 ACTIVE
✕ LOCATION ABANDONED	🟢 NF PP OIL	🟡 COMBINED
⊕ NEW LOCATION	🔵 NF SECONDARY	🟢 INACTIVE
⬢ PLUGGED & ABANDONED	🔵 PENDING	🔵 PROPOSED
⚡ PRODUCING GAS	🟢 PI OIL	🔵 STORAGE
⚡ PRODUCING OIL	🔴 PP GAS	⬜ TERMINATED
⚡ SHUT-IN GAS	🔴 PP GEOTHERML	
⚡ SHUT-IN OIL	🟢 PP OIL	
✕ TEMP. ABANDONED	🔵 SECONDARY	
⊕ TEST WELL	⬜ TERMINATED	
⚡ WATER INJECTION		
⚡ WATER SUPPLY		
⚡ WATER DISPOSAL		



PREPARED BY: DIANA WHITNEY
DATE: 7-JULY-2004

DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS

OPERATOR: CDX ROCKIES, LLC
WELL NAME & NUMBER: STATE ATCHEE CANYON 36-12-25#1
API NUMBER: 43-047-35828
LOCATION: 1/4,1/4 NW/NW Sec: 36 TWP: 12S RNG:25E 514' FWL 392' FNL

Geology/Ground Water:

CDX proposes to set 710' of surface casing at this location. The depth to the base of the moderately saline water at this location is estimated to be at a depth of 2,000'. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the proposed location. The surface formation at this site is the Green River Formation and alluvium derived from the Green River Formation. The location is near a drainage bottom and near-surface water may be present in the alluvium. The Green River Formation is made up of interbedded limestones, shales and sandstones and may include some fresh water zones above the moderately saline water.. The proposed casing and cementing program should adequately protect any underground sources of useable water near the surface.

Reviewer: Brad Hill **Date:** 08-02-04

Surface:

The predrill investigation of the surface was performed on 7/29/04. This site is on State land with State minerals, and appears to be the best site for a location in the immediate area. Floyd Bartlett with DWR and Ed Bonner with SITLA were invited to this investigation on 7/19/04. Mr. Bonner was present, and had no concerns regarding the construction of this location or the drilling of this well. Mr. Bartlett was not present, but he did visit this site at an earlier date. He told me by telephone that this was critical deer winter habitat, and suggested that no drilling or location construction take place between December 1 and March 30.

Reviewer: David W. Hackford **Date:** 7/29/2004

Conditions of Approval/Application for Permit to Drill:

1. A Synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.

ON-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: CDX ROCKIES, LLC

WELL NAME & NUMBER: STATE ATCHEE CANYON 36-12-25#1

API NUMBER: 43-047-35828

LEASE: ML 46435 FIELD/UNIT: WILDCAT

LOCATION: 1/4, 1/4 NW/NW Sec: 36 TWP: 12S RNG: 25E 514' FWL 392' FNL

LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4, 1/4 LINE; 920 F ANOTHER WELL.

GPS COORD (UTM): 4400427N 12644991E SURFACE OWNER: STATE OF UTAH

PARTICIPANTS

DAVID W. HACKFORD, (DOGM), ED BONNER, (SITLA), BRET COOK, AL ARLIAN,
SCOTT HUDSON, (CDX).

REGIONAL/LOCAL SETTING & TOPOGRAPHY

SITE IS IN THE BOTTOM OF ATCHEE CANYON, 200' EAST OF THE DRY
WATERCOURSE WHICH RUNS DOWN THIS CANYON. DRAINAGE IS TO THE NORTH,
NORTHEAST TO EVACUATION CREEK TWO MILES AWAY. CANYON BOTTOM IS
RELATIVELY FLAT AND LEVEL WHILE THE CANYON WALLS ARE STEEP AND RUGGED
WITH NUMEROUS SHEER CLIFFS AND SANDSTONE OUTCROPPINGS. BONANZA, UTAH IS
17 MILES TO THE NORTH.

SURFACE USE PLAN

CURRENT SURFACE USE: WILDLIFE AND LIVESTOCK GRAZING, HUNTING.

PROPOSED SURFACE DISTURBANCE: LOCATION WILL BE 325' BY 205'. ACCESS
ROAD WILL BE 0.9 MILES OF EXISTING TWO TRACK WHICH WILL BE UPDATED.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: SEE ATTACHED MAP FROM
GIS DATABASE.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: ALL PRODUCTION
FACILITIES WILL BE ON LOCATION AND ADDED AFTER DRILLING WELL. PIPELINE
WILL BE SURVEYED AND PERMITTED IF NEEDED.

SOURCE OF CONSTRUCTION MATERIAL: ALL CONSTRUCTION MATERIAL WILL BE
BORROWED FROM SITE DURING CONSTRUCTION OF LOCATION.

ANCILLARY FACILITIES: NONE WILL BE REQUIRED.

WASTE MANAGEMENT PLAN:

DRILLED CUTTINGS WILL BE SETTLED INTO RESERVE PIT. LIQUIDS FROM PIT WILL
BE ALLOWED TO EVAPORATE. FORMATION WATER WILL BE CONFINED TO STORAGE
TANKS. SEWAGE FACILITIES, STORAGE AND DISPOSAL WILL BE HANDLED BY
COMMERCIAL CONTRACTOR. TRASH WILL BE CONTAINED IN TRASH BASKETS AND
HAULED TO AN APPROVED LAND FILL.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: NONE

FLORA/FAUNA: PINION PINE, JUNIPER, SAGE, GREASEWOOD, PRICKLY PEAR, CHEATGRASS, OTHER NATIVE GRASSES. ELK, DEER, RODENTS, RAPTORS, COYOTE, SONGBIRDS, RABBIT, BOBCAT, BEAR, COUGAR.

SOIL TYPE AND CHARACTERISTICS: LIGHT BROWN SANDY CLAY LOAM.

EROSION/SEDIMENTATION/STABILITY: VERY LITTLE NATURAL EROSION. SEDIMENTATION AND STABILITY ARE NOT A PROBLEM AND LOCATION CONSTRUCTION SHOULDN'T CAUSE AN INCREASE IN STABILITY OR EROSION PROBLEMS.

PALEONTOLOGICAL POTENTIAL: NONE OBSERVED.

RESERVE PIT

CHARACTERISTICS: 170' BY 40' AND SIX FEET DEEP.

LINER REQUIREMENTS (Site Ranking Form attached): A 12 MIL LINER WILL BE REQUIRED FOR RESERVE PIT.

SURFACE RESTORATION/RECLAMATION PLAN

AS PER SITLA.

SURFACE AGREEMENT: AS PER SITLA.

CULTURAL RESOURCES/ARCHAEOLOGY: SITE HAS BEEN INSPECTED BY MOAC. A REPORT OF THIS INVESTIGATION WILL BE FILED WITH THE STATE.

OTHER OBSERVATIONS/COMMENTS

THIS PREDRILL INVESTIGATION WAS CONDUCTED HOT, SUNNY DAY.

ATTACHMENTS

PHOTOS OF THIS SITE WERE TAKEN AND PLACED ON FILE.

DAVID W. HACKFORD
DOGM REPRESENTATIVE

7/28/04 10:30 AM
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>5</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>10</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>5</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>0</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

Final Score 20 (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.





Casing Schematic

Surface

Surface Strip

8-5/8"
MW 8.4
Frac 19.3

TOC @
86.

w/18% Washout
Surface w/13% Washout

TOC @
638.
Surface
710. MD

7007 Mesaverde

325 sks 1.41
Scott Hudson
8/5/04 CD

BHP

$$(0.52)(10.5)(4750) = 2593$$

Gaa

$$(6.12)(4750) = 570$$

Masp = 2023

BOPE - 3,000 proposed ✓

Surf Csg - ~~3930~~
708 = 2751

Test to 2700 psi ✓

Adequate DAD 8/13/04

2000 BMSW

w/15% Washout
Surface w/10% Washout

3196
To Tail

Lead 290 sks 2.49
Tail 195 sks 2.25
Scott Hudson
8/5/04 CD

3425 Mancos
Shale

5-1/2"
MW 10.5

Production
4750. MD

Well name:

08-04 CDX Atchee 36-12-25-1

Operator: CDX Gas, LLC

String type: Surface

Project ID:

43-047-35828

Location: Uintah

Design parameters:**Collapse**

Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 75 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 185 ft

Cement top: 86 ft

Burst

Max anticipated surface pressure: 393 psi
Internal gradient: 0.447 psi/ft
Calculated BHP 710 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on air weight.
Neutral point: 621 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 4,750 ft
Next mud weight: 10,500 ppg
Next setting BHP: 2,591 psi
Fracture mud wt: 19,250 ppg
Fracture depth: 710 ft
Injection pressure 710 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	710	8.625	32.00	J-55	ST&C	710	710	7.875	45.1
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	310	2530	8.166	710	3930	5.54	23	372	16.37 J

Prepared Clinton Dworshak
by: Utah Div. of Oil & Mining

Date: August 5, 2004
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 710 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:

08-04 CDX Atchee 36-12-25-1

Operator: **CDX Gas, LLC**

String type: Production

Project ID:

43-047-35828

Location: Uintah

Design parameters:**Collapse**Mud weight: 10.500 ppg
Design is based on evacuated pipe.**Minimum design factors:****Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 132 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 368 ft

Cement top: 638 ft

BurstMax anticipated surface pressure: 469 psi
Internal gradient: 0.447 psi/ft
Calculated BHP 2,591 psi

No backup mud specified.

Tension:8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Non-directional string.

Tension is based on air weight.

Neutral point: 3,995 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	4750	5.5	15.50	J-55	LT&C	4750	4750	4.825	148.9
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	2591	4040	1.559	2591	4810	1.86	74	217	2.95 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & MiningDate: August 5, 2004
Salt Lake City, Utah**ENGINEERING STIPULATIONS: NONE**

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 4750 ft, a mud weight of 10.5 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.



CDX Gas, LLC
1801 Broadway, Suite 1060
Denver, Colorado 80202
Tel: 303-298-8211
Fax: 303-299-1134

June 30, 2004

Diana Whitney
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

RE: Exception Location
State Atchee Canyon Well 36-12-25 #1
NW/4NW/4 Sec. 36-T12S-R25E, S.L.B.&M.
392' FNL, 514' FWL
Uintah County, Utah

Dear Ms. Whitney,

CDX Gas, LLC and CDX Rockies, LLC own all the leasehold interest in all direction within 800 feet of the above referenced well. All of the oil and gas mineral rights are leased.

CDX Gas, LLC and CDX Rockies, LLC hereby grant their permission to the proposed well location.

Should you have any questions concerning these matters, please do not hesitate to call me at (303) 298-8211 x2884.

Very truly yours,

CDX Gas, LLC
CDX Rockies, LLC

Alvin R. (Al) Arlian
Land Manager – Western Operations

/lh

cc: State of Utah
Trust Lands Administration

RECEIVED

JUL 02 2004

DIV. OF OIL, GAS & MINING

From: Ed Bonner
To: Whitney, Diana
Date: 7/7/2004 9:50:16 AM
Subject: Bonds & Leases

The following bonds and leases are OK:

CDX Rockies LLC ML 46435 RLB 000 3066

The Houston Exploration Co ML 47782 10455043

QEP Uintah Basin ML 47046 965-003-032



CDX Gas, LLC – CDX Rockies, LLC
1801 Broadway, Suite 1060
Denver, Colorado 80202
Tel: 303-298-8211
Fax: 303-299-1134

July 9, 2004

Diana Whitney
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

RE: **State of Utah Surety Bond No. B00903**
CDX Gas, LLC and CDX Rockies, LLC

Dear Ms. Whitney,

Enclosed please find a copy of State of Utah Surety Bond No. B000903 covering CDX Gas, LLC and CDX Rockies, LLC as Principal.

Should you have any questions concerning these matters, please do not hesitate to call me at (303) 298-8211 x2884.

Very truly yours,

CDX Gas, LLC
CDX Rockies, LLC


Laurie Hardy
Land Administrator

cc: State of Utah
Trust Lands Administration

Bond No. B000903

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 4A

SURETY BOND

KNOW ALL MEN BY THESE PRESENTS:

That we (operator name) CDX Gas, LLC and CDX Rockies, LLC as Principal,
and

(surety name) U.S. Specialty Insurance Company as Surety, duly authorized
and qualified to do business in the State of Utah, are held and firmly bound unto the State of Utah in the sum of:

One Hundred and Twenty Thousand and no/100 dollars (\$ \$120,000.00)
lawful money of the United States, payable to the Director of the Division of Oil, Gas and Mining, as agent of the State of Utah, for the use and
benefit of the State of Utah for the faithful payment of which we bind ourselves, our heirs, executors, administrators and successors, jointly and
severally by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, WHEREAS the Principal is or will be engaged in the drilling, redrilling, deepening,
repairing, operating, and plugging and abandonment of a well or wells and restoring the well site or sites in the State of Utah for the purposes of
oil or gas production and/or the injection and disposal of fluids in connection therewith for the following described land or well:

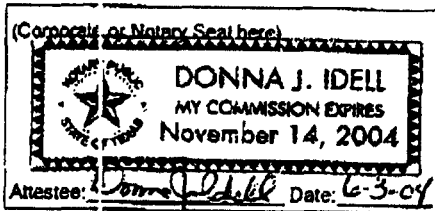
☒ Blanket Bond: To cover all wells drilled in the State of Utah

☐ Individual Bond: Well No: _____
Section: _____ Township: _____ Range: _____
County: _____, Utah

NOW, THEREFORE, if the above bounden Principal shall comply with all the provisions of the laws of the State of Utah and the rules, orders and
requirements of the Board of Oil, Gas and Mining of the State of Utah, including, but not limited to the proper plugging and abandonment of wells
and well site restoration, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

IN TESTIMONY WHEREOF, said Principal has hereunto subscribed its name and has caused this instrument to be signed by its duly authorized
officers and its corporate or notary seal to be affixed this

1 day of June, 2004



CDX Gas, LLC

Principal (company name)

By STEPHEN M. CLARK VICE PRESIDENT

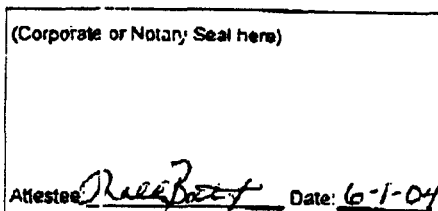
Name (print) Title

[Signature]

Signature

IN TESTIMONY WHEREOF, said Surety has caused this instrument to be signed by its duly authorized officers and its corporate or notary seal
to be affixed this

1 day of June, 2004



U.S. Specialty Insurance Company

Surety Company (Attach Power of Attorney)

By W. Russell Brown, Jr. Attorney-in-Fact

Name (print) Title

[Signature]

Signature

13403 Northwest Freeway

Surety Mailing Address

Houston

Texas

77040

City

State

Zip

Bond No. 8000903

**Important Notice Regarding
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

The rest of this page is intentionally left blank.

POWER OF ATTORNEY

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 6th day of April, 2004.

Corporate Seal

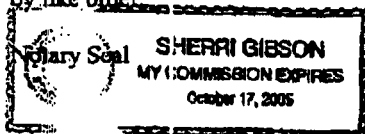
U. S. SPECIALTY INSURANCE COMPANY
By


State of Texas

County of Harris ss:


Michael J. Schell, President

On this 6th day of April, 2004 before me personally came Michael J. Schell, to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

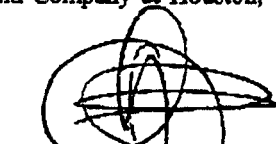


 , Notary Public
My commission expires 10-17-05

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

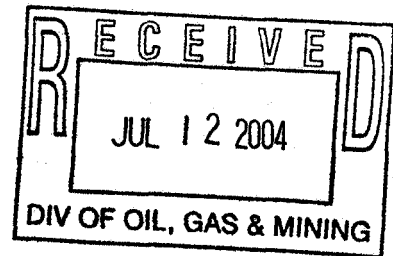
In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 1st day of June, 2004.

Corporate Seal


Christopher L. Martin, Secretary



CDX Gas, LLC
1801 Broadway, Suite 1060
Denver, Colorado 80202
Tel: 303-298-8211
Fax: 303-299-1134



July 2, 2004

Diana Whitney
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

RE: **State Atchee Canyon Well 36-12-25 #1**
NW/4NW/4 Sec. 36-T12S-R25E, S.L.B.&M.
Uintah County, Utah

Dear Diana,

Enclosed please find a copy of the "Cultural Resource Inventory" of CDX Gas's proposed well location: State Atchee Canyon Well #36-12-25 #1, Uintah County, Utah.

Should you have any questions concerning these matters, please do not hesitate to call me at (303) 298-8211 x2888.

Very truly yours,

Laurie Hardy
Laurie Hardy
Land Administrator

/lh
Enclosures

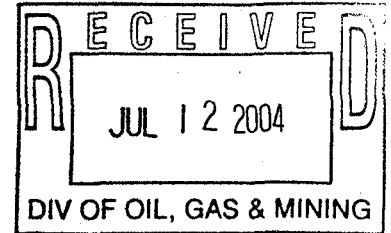


MONTGOMERY
ARCHAEOLOGICAL
CONSULTANTS

Box 147, 322 East 100 South, Moab, Utah 84532 (435) 259-5764 Fax (435) 259-5608

June 28, 2004

Al Arlian
CDX Gas, LLC
1801 Broadway, Suite 1060
Denver, CO 80202



Dear Mr. Arlian:

Enclosed please find copies of the reports entitled "Cultural Resource Inventory of CDX Gas's Proposed Well Location: Atchee Canyon #25-12-25-4, Uintah County, Utah." and "Cultural Resource Inventory of CDX Gas's Proposed Well Location: State Atchee Canyon #36-12-25-1, Uintah County, Utah." Four copies are for your records and the last **copy of the report on state well #36-12-25-1 is to be forwarded to the Division of Oil, Gas and Mining per SITLA**. Both inventories resulted in no findings of cultural resources; hence, archaeological clearance is recommended for this undertaking.

One billing is included for both of these reports. We appreciate the opportunity to provide consulting services for this project. If you have any questions or comments, please contact me.

Sincerely,

Keith R. Montgomery
Principle Investigator

cc: James Dykmann, SHPO
Kenny Wintch, SITLA Archaeologist, SLC

CULTURAL RESOURCE INVENTORY OF
CDX ROCKIES' PROPOSED WELL LOCATION:
STATE ATCHEE CANYON #36-12-25-1 (LEASE NO. 46453),
UINTAH COUNTY, UTAH

Keith R. Montgomery
and
Andy Wakefield

CULTURAL RESOURCE INVENTORY OF
CDX ROCKIES' PROPOSED WELL LOCATION:
STATE ATCHEE CANYON #36-12-25-1 (LEASE NO. 46453),
UINTAH COUNTY, UTAH

By:

Keith R. Montgomery
and
Andy Wakefield

Prepared For:
State of Utah
Trust Lands Administration
Salt Lake City

Prepared Under Contract With:
CDX Gas, LLD
1801 Broadway, Suite 1060
Denver, CO 80202

Prepared By:

Montgomery Archaeological Consultants
P.O. Box 147
Moab, Utah 84532

June 28, 2004

MOAC Report #04-149

United States Department of Interior (FLPMA)
Permit No. 04-UT-60122

State of Utah Antiquities Project (Survey)
Permit No. U-04-MQ-0511s,p

INTRODUCTION

A cultural resource inventory was conducted by Montgomery Archaeological Consultants (MOAC) in June, 2004 for CDX Rockies' proposed well location State Atchee Canyon #36-12-25-1 and its associated access route in the Atchee Canyon area, south of Vernal, Uintah County, Utah. The legal description of the inventory area is Township 12 South, Range 25 East, Sections 25 and 36 (Figure 1). The project occurs on land administered by the State of Utah School Institutional Trust Lands Administration (SITLA) and private land.

The objective of the inventory was to locate, document, and evaluate any cultural resources within the project area in order to comply with Section 106 of 36 CFR 800, the National Historic Preservation Act of 1966 (as amended), the National Environmental and Policy Act of 1969, the Archaeological and Historic Conservation Act of 1972, the Archaeological Resources Protection Act of 1979, the American Indian Religious Freedom Act of 1978, and the Utah State Antiquities Act of 1973 (amended 1990).

The fieldwork was performed on June 9, 2004 by Keith R. Montgomery (Principal Investigator, MOAC) and Jacki Montgomery under the auspices of U.S.D.I. (FLPMA) Permit No. 04-UT-60122 and State of Utah Antiquities Project (Survey) No. U-04-MQ-0511s,p.

A file search for previous archaeological projects and documented cultural resources was completed by Marty Thomas at the Utah Division of State History Preservation Office on June 7, 2004. This consultation indicated that two cultural resource inventories have been completed in the project area. Grand River Institute conducted an inventory in 1995 for Amoco Production's single well location and access: State Line #52-36-12-25 (Conner 1995). A total of 28.6 acres was surveyed (11.0 acres in Utah) and no isolated finds or artifacts were documented in the Utah portion of the project area, although two isolated finds were documented on BLM managed land in the state of Colorado. These consisted of a single core reduction area consisting of 5 Shavetail chert flakes (5RB3755) and a concentration of 5 flakes, one of which is utilized (5RB3756). Also, Montgomery Archaeological Consultants conducted a cultural resource inventory for CDX Rockies' three well locations: Atchee Canyon #35-12-25, Atchee Ridge #21-13-25, and Atchee Ridge #22-13-25 (Montgomery 2001). A total of 50.3 acres was inventoried on BLM administered, which resulted in the finding of no cultural resources.

DESCRIPTION OF PROJECT AREA

The proposed project area is located approximately 50 miles southeast of the town of Vernal, Uintah County, Utah. Specifically, the proposed well locations and access routes lie in Atchee Canyon. Proposed State Atchee Canyon well #36-12-25-1 is situated in the northwest quarter of Section 36, Township 12 South, Range 25 East. Approximately 20.9 acres were inventoried: 10.7 acres occur on state land, and 10.2 acres occur on private land.

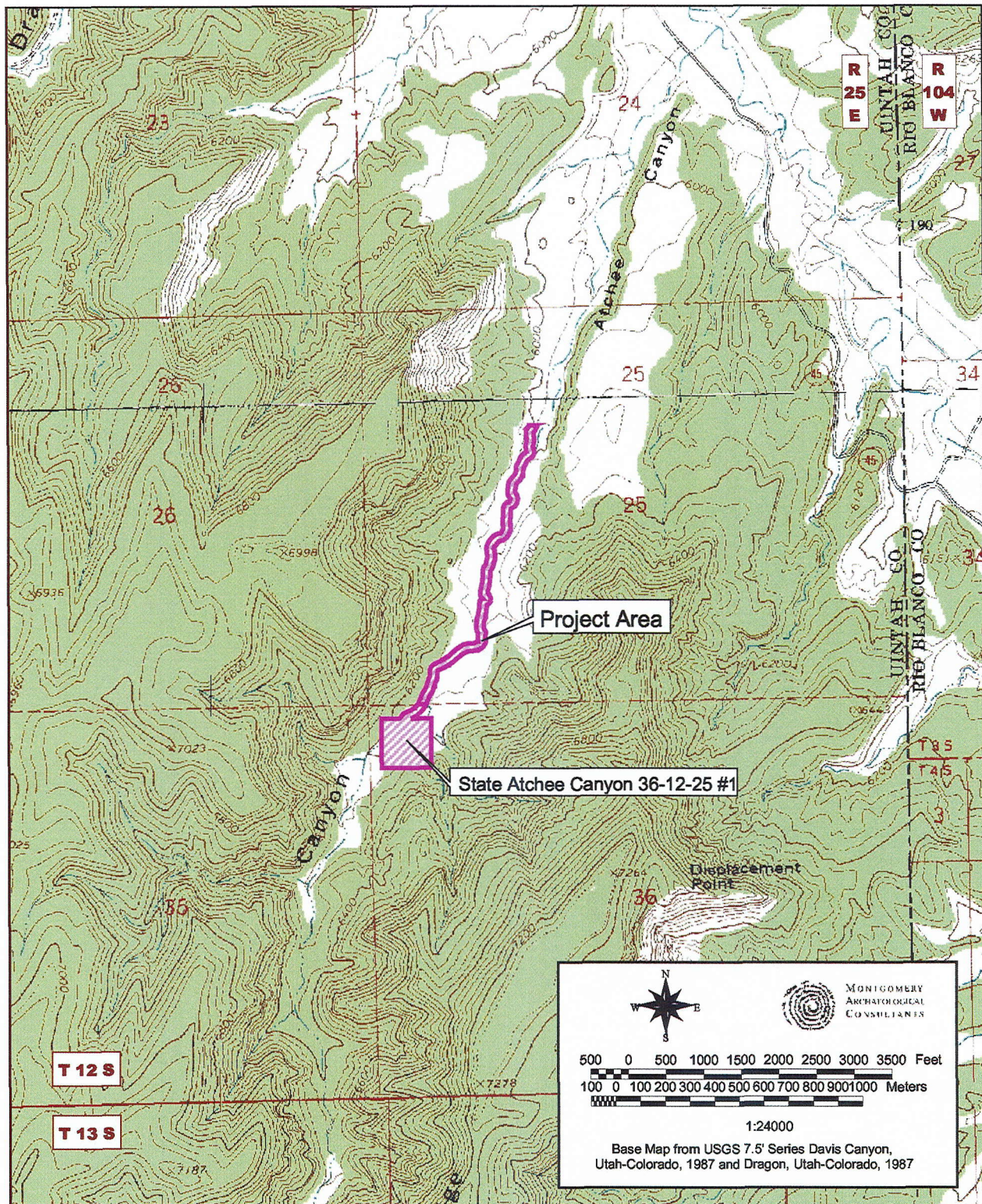


Figure 1. Inventory Area of CDX Rockies' State Atchee Canyon #36-12-25-1 well locations and access routes. USGS 7.5' Davis Canyon, Utah-Colo., 1987. Scale 1:24000.

The study area lies within the Uinta Basin physiographic unit, a distinctly bowl-shaped geologic structure (Stokes 1986:231). The Uinta Basin ecosystem is within the Green River drainage, considered to be the northernmost extension of the Colorado Plateau. Topographically, this area consists of broad erosional benches and bluffs of sandstone and mudstone formations, highly dissected by numerous intermittent drainages. The geology is comprised of Tertiary age deposits which include the Green River and Uinta Formations. The Green River Formation contains claystone, sandstone, and carbonate beds. In the western portion of the Uinta Basin, the Uinta Formation consists of sandstone, shale, siltstone, conglomerate, and minor amounts of limestone. In the eastern portion, this formation contains higher amounts of limy siltstone (Ibid:155). Proposed well location State Atchee Canyon #36-12-25-1 occurs along a wash bottom of Atchee Canyon, at an elevation ranging between 5860 and 6200 feet. Vegetation consists of greasewood and sagebrush in the wash bottom, and along the benches is a pinyon-juniper woodland with snakeweed, prickly pear cactus, and grasses present. The entire inventory area for these well locations has been disturbed by extensive colluvial erosion. Modern disturbances include a two-track road, grazing, and wood-cutting.

SURVEY METHODOLOGY

An intensive pedestrian survey was performed for this project which is considered 100% coverage. At the well location, a 10 acre square was defined, centered on the well pad center stake. The interior of the well locations were inspected by the archaeologist walking parallel transects spaced no more than 10 m (30 ft) apart. The proposed access route corridors were surveyed to a 100 ft (30 m) width by the archaeologists walking parallel transects along the staked centerline, spaced no more than 10 m apart. Ground visibility was considered to be good. Approximately 20.9 acres were inventoried: 10.7 acres occur on state land, and 10.2 acres occur on private land.

INVENTORY RESULTS AND RECOMMENDATIONS

The inventory of CDX Rockies' proposed State Atchee Canyon #36-12-25-1 well and its associated access route in Atchee Canyon resulted in the finding of no cultural resources. The potential for subsurface cultural materials is minimal. Based on the finding, archaeological clearance is recommended for this undertaking.

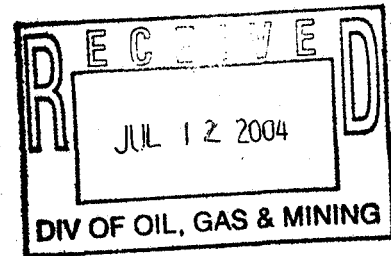
REFERENCES CITED

- Conner, C.
1995 Cultural Resource Inventory Report on the Proposed State Line #52-36-12-25 Well Location and Related Access in Uintah County, Utah, and Rio Blanco County, Colorado for AMOCO Production Company, GRI Project No. 9540. Grand River Institute, Grand Junction, CO. U-94-GB-259s. Report on file at the Utah Division of State History Preservation Office.
- Montgomery, K.R.
2001 Cultural Resource Inventory of CDX Rockies' Proposed Well Locations: Atchee Canyon #35-12-25, Atchee Ridge #21-13-25, and Atchee Ridge #22-13-25, Uintah County, Utah. Montgomery Archaeological Consultants, Moab, UT. U-01-MQ-0560b. Report on file at the Bureau of Land Management Vernal Field Office.
- Stokes, W. L.
1986 *Geology of Utah*. Utah Museum of Natural History and Utah Geological and Mineral Survey, Salt Lake City.



CDX Gas, LLC – CDX Rockies, LLC
1801 Broadway, Suite 1060
Denver, Colorado 80202
Tel: 303-298-8211

July 9, 2004



Diana Whitney
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

RE: **State Atchee Canyon Well 36-12-25 #1**
NW/4NW/4 Sec. 36-T12S-R25E, S.L.B.&M.
Uintah County, Utah

Dear Ms. Whitney,

Enclosed are revised pages 1 and 2 of the Drilling Plan for the above captioned well reflecting the correct Mineral and Surface ownership.

Should you have any questions concerning these matters, please do not hesitate to call me at (303) 298-8211 x2888.

Very truly yours,

Laurie Hardy
Land Administrator

/lh
Enclosures

Cc: State of Utah
Trust Lands Administration

DRILLING PROGRAM

CDX Rockies, LLC

**State Atchee Canyon 36-12-25 #1 Well
NW/4 Sec. 36-T12S-R25E, S.L.B.&M.
Uintah, County, Utah**

1. Contracts:

A. Permit Matters

CDX Rockies, LLC
Al Arlian
1801 Broadway, Suite 1060
Denver, CO 80202
OFFICE: 303-298-8211
HOME: 303-690-7123
CELL: 303-589-6893

B. Drilling & Completion Matters

CDX Rockies, LLC.
Ron Johnston
4801 North Butler, Avenue, Suite 2000
Farmington, New Mexico 87401
OFFICE: 505-326-5005, Extension 2801
HOME: 970-348-1664
CELL: 214-208-2731

Or CDX Rockies, LLC
Scott Hutson
4801 North Butler, Avenue, Suite 2000
Farmington, New Mexico 87401
OFFICE: 505-326-5005
CELL: 214-908-1803

2. Mineral and Surface Ownership

A. Mineral Ownership

State of Utah, acting by & through the
BOARD OF STATE LANDS & FORESTRY,
and DIVISION OF STATE LANDS & FORESTRY,
DEPARTMENT OF NATURAL RESOURCES
355 West North Temple, 3 Triad Center, Suite 400
Salt Lake City, Utah 84180-1204

B. Surface Ownership

State of Utah, acting by & through the
BOARD OF STATE LANDS & FORESTRY,
and DIVISION OF STATE LANDS & FORESTRY,
DEPARTMENT OF NATURAL RESOURCES
355 West North Temple, 3 Triad Center, Suite 400
Salt Lake City, Utah 84180-1204

3. Water Source:

White River
Dalbo, Inc. (Permit T75376)
3 miles south of Bonanza
Evacuation Wash and White River
(No surface water on property)

4. Estimated Tops of Important Geologic Markers:

Ground Level Elevation:		6,199'
KB Elevation (DATUM):		6,211'
Proposed TD:		4,780'
Primary Objective:		Nelson Formation
Formation Tops	Top MD (KB)	Subsea
Quaternary Alluvium	0	6,211'
Wasatch	10'	6,201'
Mesa Verde	707'	5,504'
Nelsen Member-Coal Zone	1,822'	4,389'
Upper Sergo Sandstone	2,715'	3,496'
Anchor Tongue of Mancos Shale	2,811'	3,400'
Lower Sergo Sandstone	2,907'	3,304'
Buck of Tongue of Mancos Shale	3,022'	3,189'
Castlegate	3,170'	3,041'
Mancos Shale (MNCS)	3,425'	2,786'
Mancos B (MNCS)	4,254'	1,957'
Lower Mancos Shale (MNCS)	4,680'	1,531'
Proposed TD	4,780'	1,431'



CDX Gas, LLC – CDX Rockies, LLC
1801 Broadway, Suite 1060
Denver, Colorado 80202
Tel: 303-298-8211
Fax: 303-298-1134

June 30, 2004

Diana Whitney
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

RE: Exception Location – R649-3-3
State Atchee Canyon Well 36-12-25 #1
NW/4NW/4 Sec. 36-T12S-R25E, S.L.B.&M.
392' FNL – 514' FWL
Uintah County, Utah

Dear Ms. Whitney,

CDX Rockies, LLC has staked the above-referenced well at an exception location:

1. Because a standard location would be located on or adjacent to the canyon walls and would cause major cuts/fills to build a well pad, and
2. To avoid drilling in the side canyon drainage areas which drain into the main canyon.

CDX Gas, LLC and CDX Rockies, LLC own all the leasehold interest in all direction within 800 feet of the above referenced well. All of the oil and gas mineral rights are leased.

CDX Gas, LLC and CDX Rockies, LLC hereby grant their permission to the proposed well location.

Should you have any questions concerning these matters, please do not hesitate to call me at (303) 298-8211 x2884.

Very truly yours,

**CDX Gas, LLC
CDX Rockies, LLC**

Alvin R. (Al) Arlian
Land Manager – Western Operations

RECEIVED
JUL 14 2004

DIV. OF OIL, GAS & MINING

/lh

cc: State of Utah
Trust Lands Administration

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office

P.O. Box 45155

Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:

3160

(UT-922)

July 14, 2004

Memorandum

To: Assistant District Manager Minerals, Vernal District
From: Michael Coulthard, Petroleum Engineer
Subject: 2004 Plan of Development Displacement Point
Unit, Uintah County, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following well is planned for calendar year 2004 within the Displacement Point Unit, Uintah County, Utah.

API#	WELL NAME	LOCATION
------	-----------	----------

(Proposed PZ Mancos)

43-047-35828	State Atchee Cyn	36-12-25 #1 Sec 36 T12S R25E 0392 FNL 0514 FWL
--------------	------------------	--

Please be advised that this well is now the initial obligation well for the Displacement Point Unit. This office has no objection to permitting the well at this time.

/s/ Michael L. Coulthard

bcc: File - Displacement Point Unit
Division of Oil Gas and Mining
Agr. Sec. Chron
Fluid Chron

MCoulthard:mc:7-14-04

From: Ed Bonner
To: Whitney, Diana
Date: 7/19/2004 3:05:00 PM
Subject: Well Clearance

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

CDX Rockies, LLC
Atchee Canyon State 36-12-25 #1

MSC Exploration LP
State MSC 35-1

Westport Oil & Gas Company
North Bench State 24-18
State 1022-36E

Dominion Exploration & Production, Inc
LCU 10-2H (2 sites in access road on BLM land which must be avoided)

If you have any questions regarding this matter please give me a call.

CC: Garrison, LaVonne; Hill, Brad; Hunt, Gil



State of Utah

Department of
Natural ResourcesROBERT L. MORGAN
*Executive Director*Division of
Oil, Gas & MiningLOWELL P. BRAXTON
*Division Director*OLENE S. WALKER
*Governor*GAYLE F. McKEACHNIE
Lieutenant Governor

August 17, 2004

CDX Rockies, LLC
1801 Broadway, #1060
Denver, CO 80202Re: St. Atchee Canyon 36-12-25 #1 Well, 392' FNL, 514' FWL, NW NW, Sec. 36,
T. 12 South, R. 25 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-35828.

Sincerely,

A handwritten signature in black ink, appearing to read "H. Michael Hebertson".
for John R. Baza
Associate Directorpab
Enclosurescc: Uintah County Assessor
SITLA
Bureau of Land Management, Vernal District Office

Operator: CDX Rockies, LLC
Well Name & Number St. Atchee Canyon 36-12-25 #1
API Number: 43-047-35828
Lease: UT ML 46435

Location: NW NW Sec. 36 T. 12 South R. 25 East

Conditions of Approval

1. **General**

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. **Notification Requirements**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

3. **Reporting Requirements**

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

6. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.
7. Surface casing shall be cemented to the surface.



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

September 30, 2005

Tracy Lombardi
CDX Rockies, LLC
1801 Broadway # 1060
Denver CO 80202

Re: APD Rescinded - St. Atchee Canyon 36-12-25 #1 Sec. 36, T. 12, R. 25E
Uintah County, Utah API No. 43-047-35828

Dear Ms. Lombardi:

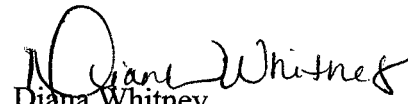
The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on August 17, 2004. On September 30, 2005, you requested that the division rescind the state approved APD.

No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective September 30, 2005.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Whitney
Engineering Technician

cc: Well File
SITLA, Ed Bonner